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Message Text

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20
ORIGIN EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-10 NSAE-00 PA-04

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NSC-07 SS-20 /083 R

DRAFTED BY EA/P;STAFF:PP:EB
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---------- 089538
R 042125Z APR 74
FM SECSTATE WASHDC
TO AMEMBASSY SAIGON
INFO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
AMCONSUL BIEN HOA
AMCONSUL CAN THO
AMCONSUL DANANG
AMCONSUL NHA TRANG
USDEL JEC PARIS
USSAGE NAKHON PHANOM
CINCPAC
COGARD
XMT AMEMBASSY SUVA

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COGARD FOR POLAD

E.O. 11652:N/A
TAGS: PFOR, XC, US
SUBJECT:APRIL 4 EA PRESS SUMMARY

INDOCHINA

1. CORDDRY (SUN) REPORTS THAT SASC, ON DOD SUPPLEMENTAL REQUEST, KNOCKS OUT FUNDS FOR - AND SO IN EFFECT DEFERS CONSIDERATION OF -IMMEDIATE EXPANSION OF THE DIEGO GARCIA FACILITY; AND REFUSES TO RAISE CONGRESSIONAL CEILING ON MIL AID TO SVN FOR THIS YEAR TO 1.6 BILLION
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TO PERMIT USE OF PRIOR-YEAR FUNDS ALREADY IN-HAND.

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CORDDRY BELIEVES REFUSAL TO RAISE CEILING REFLECTS
SENATE CONCERN OVER RISING REQUESTS FOR SVN, BUT
POINTS OUT THAT SASC MADE "BOOKKEEPING ADJUSTMENT"
THAT LETS DOD SPEND 266 MILLION EXTRA THAT PRESUMABLY
WILL SEE SVN THROUGH THIS FY. FINNEY (NYT) SEES ADMIN.
RECEIVING GREATER-THAN-FORESEEN SETBACK IN CONGRESS,
BOTH IN SASC ACTION AND IN HOUSE APPROPRIATIONS COMMITTEE
ACTION THAT APPROVED "AN EVEN SMALLER INCREASE."
FINNEY OPINES THAT UNLESS COMMITTEE ACTIONS REVERSED -
WHICH APPEARS HIGHLY UNLIKELY - MIL AID TO SVN WILL
BE IN FINANCIAL BIND BY END OF FY. FUTURE AID TO
GVN IS INVOLVED IN REVIVAL OF DEBATE, ESPECIALLY IN
SENATE WHERE "DOVES ARE RISING AGAIN," ON WHETHER US
WILL FULFILL "UNWRITTEN COMMITMENT" TO SVN. DOVES SEE
REQUESTED INCREASE AS CONTINUATION OF "OVER-INVOLVEMENT"

IN INDOCHINA. SYMINGTON SAYS SUPPLEMENTAL REQUEST
"NOT OF SUFFICIENT URGENCY TO WARRANT IMMEDIATE
ACTION," REFLECTING CONGRESSIONAL COMPLAINT THAT
DOD USING MID-EAST WAR AS EXCUSE TO OVERTURN EARLIER
BUDGET REDUCTIONS. FINNEY STATES THAT ADMIN.'S TASK
IS FURTHER COMPLICATED BY POWER STRUGGLE BETWEEN
HEBERT OF HASC AND MAHON OF HAC OVER WHO DETERMINES
SPENDING LEVELS IN VN.

2. DOS DEFES AMB. MARTIN BUT CHURCH OF SFRC URGES
INVESTIGATION INTO STATEMENT MADE IN LEAKED CONFIDENTIAL
CABLE (LEUBSDORF, AP WASHINGTON).

3. FULBRIGHT PROPOSES (AP, NYT DATELINED 4/2) THAT
CONGRESSIONAL DELEGATION VISIT SEA TO GET ACCOUNTING
OF MIAS, ASKS SECSTATE WHETHER SUCH A MISSION TO HANOI
"MIGHT PRODUCE POSITIVE RESULTS," INQUIRES IN LETTER MADE
PUBLIC TODAY IF GVN WOULD TAKE "APPROPRIATE AND
REASONABLE RECIPROCAL ACTIONS" IF REQUESTED BY NVN IN
RETURN FOR MIA ACCOUNTING, ALSO WRITES TO PHAM VAN DONG
ASKING ASSISTANCE.

4. LESLIE (LAT 4/3) FROM WASHINGTON WRITES OF ECON CRUNCH
IN SVN. SAYS DOS OFFICIALS PRIVATELY PREDICT THAT
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PRESENT TRENDS THREATEN CRISIS NEXT YEAR THAT MAY BRING
GVN COLLAPSE, BELIEVE THAT 850 MILLION DOLS ECON AID -
ABOUT 440 MILLION MORE THAN CURRENT YEAR - NEEDED IN FY
75 TO FORESTALL CRISIS. NOTES AMB. MARTIN'S CALL FOR
850 MILLION "DID NOT IMPLY SO DIRECT A THREAT AS THAT
FEARED" BY DEPT. OFFICIALS. ADMIN. ASKS FOR 790 MILLION
FOR ALL INDOCHINA, INCLUDING 648 MILLION FOR SVN, BUT
UNLIKELY THAT CONGRESS WILL GO ABOVE THIS YEAR'S 410.5

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MILLION FOR SVN. AID IS REQUESTING 54 MILLION SUPPLEMENTAL FOR THIS FY TO ENABLE SVN TO IMPORT NEEDED RAW MATERIALS SUCH AS POL AND FERTILIZER TO KEEP ECONOMY GOING. TO OFFSET FINANCIAL LOSS FROM DEPARTURE OF US FORCES, GVN HAS CUT ADMIN. EXPENSES, DISCOURAGES CONSUMPTION OF SCARCE GOODS, AND FOR "FIRST TIME HAS BEEN MAKING A SERIOUS EFFORT TO COLLECT INCOME TAXES." RISING WORLD PRICES CUT REAL IMPORTS ONE-THIRD FROM 1971 TO 1973 WHILE INCREASING DOLLAR COSTS. INTERNAL INFLATION IS NOW 67 PERCENT PER YEAR, 1-1.5 MILLION ARE UNEMPLOYED, AND GVN SUPPORTS MILLION-MAN ARMY. SOME VN EXPERTS HAVE LONG MAINTAINED THAT THE GENERALS SUPPORT THIEU PRIMARILY BECAUSE HE GETS NEEDED MIL AND ECON AID FROM US, AND IF HE DOESN'T DELIVER MAY REPLACE HIM WITH "FIGURE LEANING MORE TOWARD NEUTRALISM." IN RESPONSE TO QUERIES FROM KENNEDY, HAK RECENTLY SOUGHT TO JUSTIFY US AID TO SVN BY TYING IT TO C-F EVEN THOUGH ADVISED

BY AMB. MARTIN "NOT TO ANSWER."

5. MIL SOURCES SAY GVN PUTS TWO OF FOUR MIL REGIONS ON FULL ALERT AS FIERCE FIGHTING FLARES IN CENTRAL HIGHLANDS AND NW OF SAIGON (WP). ARVN SPOKESMAN SAYS NVA CAPTURED THREE MILITIA POSTS NW OF KONTUM IN BATTLE FOR STRATEGIC ROAD THROUGH HIGHLANDS, WITH 124 NVA KIA AND 220 GVN TROOPS MIA (AP BALTO N-A 4/3, NYT). MCCOMBS (WP) FROM SAIGON DESCRIBES ONE LOST POST NEAR KONTUM, WHERE "BATTALION DIES", THAT HE HAD VISITED LAST WEEK. LOCAL COMMANDER CAPT. THANH COMPLAINED OF LACK OF ARTILLERY AMMO "BECAUSE OF TREMENDOUS COSTS." HE TRIED TO CONTROL NEARBY STRATEGIC ROAD, USED BY NVA, FROM STATIC POSITION BY AIR AND ARTILLERY TO AVOID FACE-TO-FACE INFANTRY STRUGGLE AND CASUALTIES. THANH LATER REPORTED UNCLASSIFIED

KIA AND MOST OF HIS BATTALION MIA. PROVINCE CHIEF HAU DESCRIBES AREA AS CONTROLLED BY NEITHER SIDE AT C-F TIME, SAYS HEAVY NVA TRAFFIC ON ROAD INCLUDES TANKS, WOULD LIKE TO SEE B-52S GIVEN TO SVN, AND ALSO COMPLAINS OF INTENSE PRESSURE TO CONSERVE AMMO. MCCOMBS MENTIONS US MIL AUDITORS AND INSPECTORS WHO "RESTRAIN" ARVN IN USE OF AMMO BECAUSE OF CONGRESSIONAL FUNDING LIMITS.

6. REUTER HK QUOTES NVN PRESS AGENCY THAT DRV RESHUFFLE CABINET WITH DEP. PREMIER NGHI NOW TO BE ALSO MINISTER OF PLANNING, AND DEP. PREMIER IN CHARGE OF ENGINEERING TO BE ALSO MINISTER OF ENGINEERING AND METALLURGY. MOVES APPARENTLY AIM AT STRENGTHENING GOVT. MACHINERY FOR POST-WAR RECONSTRUCTION (WP, NYT).

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7. GKR HIGH COMMAND SAYS FANK CLASHES WITH REBELS USING SOVIET-MADE TANKS, 34 MILES SE OF PP (WP).

8. HSINHUA REPORTS KHIEU SAMPHAN'S TWO-HOUR INTERVIEW WITH MAO THAT IS ALSO ATTENDED BY SIHANOUK. MEETING DESCRIBED AS "IN ATMOSPHERE OF WARMTH, CORDIALITY, FRIENDSHIP AND MILITANT SOLIDARITY" INDICATING PRC "DETERMINATION TO SUPPORT THE REVOLUTIONARY STRUGGLE" (AFP, NYT). GLOBE AND MAIL'S BURNS REPORTS THAT KHIEU SAMPHAN, IN SPEECH BEFORE RALLY IN GREAT HALL OF THE PEOPLE, CITES CAPTURE OF OUDONG AND OTHER ADVANCES AND PREDICTS EARLY REBEL VICTORY BASED ON CLOSING VITAL MEKONG SUPPLY ROUTE, THOUGH HE ADMITS THIS WON'T BE EASY. AT PRESS CONFERENCE WITH SIHANOUK INTERPRETING, SAMPHAN BRIDLES AT SUGGESTION THAT HEAVY REBEL DEPENDENCE ON PRC AND DRV WOULD PRECLUDE NON-ALIGNMENT, SAYS "NO REASON" WHY RELATIONS CANNOT BE "NORMALIZED" IF US SHOWS"GOODWILL

AND A READINESS TO STAY OUT OF CAMBODIAN INTERNAL AFFAIRS" BUT UP TO NOW US HAD GIVEN ONLY "AGGRESSION AND MORE AGGRESSION." BURNS COMMENTS THAT SAMPHAN SAYS LITTLE ABOUT WHAT SORT OF GOVT. HE ENVISAGES FOR CAMBODIA, THAT SIHANOUK STATES THAT AFTER VICTORY HE WOULD BE HAPPY TO STAY OUT OF POLITICS AND LEAVE GOVT. TO SAMPHAN "AND THE COMMUNISTS," AND THAT PRINCE AND SAMPHAN ARE "AT PAINS" TO DEMONSTRATE MUTUAL AMITY AND UNANIMITY, UNCLASSIFIED

SINCE THESE HAVE BEEN QUESTIONED AT VARIOUS TIMES SINCE PRINCE OUSTED.

9. SOUVANNA SAYS LAOS COALITION READY AFTER MEETING WITH SOUPHANOUVONG (UPI PHINQ, NYDN; CHITRIB). BURGESS (WP) FROM VIENTIANE REPORTS THAT SOUPHANOUVONG RECEIVED "ROYAL WELCOME" AT CAPITAL AFTER 10-YEAR ABSENCE, WILL FLY WITH SOUVANNA TO LUANG PRABANG ON THURSDAY TO SEE KING, WHO IS EXPECTED TO PROCLAIM THE NEW GOVT. ON FRIDAY. BURGESS COMMENTS THAT PL WILL CONTINUE TO ADMINISTER THE "FOUR-FIFTHS OF THE COUNTRY" THAT THEY CONTROL UNTIL AFTER REUNIFICATION FOLLOWING NATIONAL ELECTIONS TO BE HELD AT AN "UNSPECIFIED DATE." MARKHAM (NYT) FROM VIENTIANE REVIEWS EARLIER ATTEMPTS AT COALITION, DESCRIBES PRESENT AGREEMENT AND TELLS OF RED PRINCE'S ARRIVAL BEFORE A CHEERING CROWD, "LARGELY YOUNG PEOPLE." SOUPHANOUVONG
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